



**MINISTRY OF TOURISM
REPUBLIC OF SOUTH AFRICA**

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NCOP Budget Speech by Minister Derek Hanekom, Parliament - Cape Town

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Honorable Members,

Tourism is making a huge contribution to South Africa's economy, and is creating hope and opportunity for many, many people in our country. It is arguably the sector of our economy with the greatest competitive advantage.

Our intention is to use this budget, which we place in front of you today, to improve the magnificent products and services we offer the millions of people who come here from all over the world. And we will take steps to market our beautiful destination more efficiently, so that our people continue to derive lasting benefits from tourism.

Our R1,8 billion budget for 2015/16 means that, out of every R100 in the national budget, just 13 cents goes to tourism. We are using this money well. In total, tourism contributed no less than 9,4% to Gross Domestic Product in 2014, and, more importantly, one in every ten jobs in our country is supported by tourism.

Even in the face of recent challenges, such as the outbreak of the Ebola virus, and tourism arrivals to South Africa grew year-on-year by 6,6% in 2014.

The facts speak for themselves: tourism is a success story and is making a huge impact on our country. If we work together, and do the right things, tourism can do even more to reduce unemployment and eradicate poverty.

However, tourism growth should not only be measured by the numbers of domestic tourists or international arrivals. Tourism growth has to be environmentally and socially sustainable. And it has to be inclusive growth. To achieve this we must bring more marginalized communities into the tourism mainstream.

Honorable Members, the transformation of our sector remains one of our greatest priorities. Our current challenges include poor representation of black women in ownership and management; overall insufficient representation of black people in the sector; and inadequate procurement of goods and services from black-owned enterprises by established businesses.

We are undertaking several initiatives to address these challenges. We have submitted amended Broad-Based Black Economic Empowerment codes to the Department of Trade and Industry, with increased targets to accelerate transformation. We will create a database of small, black-owned enterprises to supply goods and services to large enterprises, which will serve as a tool to transform the tourism supply chain. Working with academic institutions, we are developing an Executive Development Programme to contribute to a pipeline of black women who will be empowered to assume executive and directorship positions.

Honorable Members, collaboration and synergy in the work of all three spheres of government is critical to the success of our tourism sector.

In March, we hosted the Local Government Tourism Conference in collaboration with COGTA and SALGA. Stakeholders from the private and public sector engaged in robust discussions, and the outcomes will be integrated into the plans of all three spheres of government.

Our Local Government Tourism Toolkit guides municipalities to plan sustainably. We conduct a local government tourism course, which is accredited by the University of Pretoria, to empower tourism practitioners and councillors.

A few weeks ago we hosted INDABA 2015 in Durban. With more than 1000 exhibitors, including 300 exhibitors from 20 African countries, and about 2000 buyers from the world's tourism source markets, INDABA 2015 was a resounding success. We will soon call for proposals for a potential partner with a global reach to expand INDABA even further.

We have set ourselves the ambitious target of attracting 12 million international tourists by 2018. We also aim to increase domestic holiday trips from 2,8 million in 2014 to 4,1 million by 2020. This will put us firmly on track to achieve our target of creating 225 000 additional jobs in the tourism sector by 2020.

To help us achieve these targets, 54 % of our budget goes to South African Tourism.

Growth in domestic tourism is critical to our future. SA Tourism will focus on building a culture of tourism and encouraging local travel with a ring-fenced budget of R100 million this year.

Our cultural diversity, our recent liberation history, and our ancient heritage sites like Maropeng and Mapungubwe provide an untapped niche for tourism. We will work closely with the Department of Arts and Culture, and with our provincial and local stakeholders, to identify other sites that can be developed.

One example of innovative work that is being done to develop this niche opportunity is the Madiba App, which was created by SA Tourism to provide information about several sites associated with the life of former President Nelson Mandela on mobile devices.

Honorable Members, service excellence and quality assurance are key to the success of tourism. The Tourism Grading Council ensures that domestic and international tourists have a choice of reliably graded products to suit their needs and pockets. There are currently over 5 000 graded establishments in the country. This year, we will encourage more establishments to get graded, so that our visitors know exactly what to expect when they make their bookings.

I am pleased to inform you, Honorable Members, that businesses can now - through our recently launched Tourism Incentive Program - access a subsidy to help them pay the assessment fee to get graded.

Honorable Members, the world is changing rapidly around us. We must be agile and adapt to the shifting demands and preferences of tourists. The question we must constantly ask ourselves is: how can we market our magnificent destination even better?

To help improve our country's collective marketing efforts, I appointed a panel to review the work of SA Tourism, chaired by former Minister of Environment and Tourism, Valli Moosa. I am confident that the recommendations of this panel will assist us in marketing our wonderful destination more effectively.

Selling our product to the world is extremely important, but equally important is that the product itself has to be continuously enhanced. Tourists vote with their feet, and their vote is influenced by the quality of service they receive, ease of travel, and value for money. We must ensure that every tourist who arrives on our shores has the best experience possible.

Our Tourism Incentive Programme focuses on competitiveness and destination enhancement. It includes an exciting new retrofitting component, which will start with energy efficiency. We will pilot the installation

of photo-voltaic panels at some of our state-owned attractions this year, like Robben Island, other World Heritage Sites and National Botanical Gardens.

Over time, the retrofitting programme will be expanded to make tourism sites and accommodation more accessible to people with disabilities.

The incentive program will also help community tourism projects to become more sustainable by improving the business skills of the owners and helping them to market their products. Qualifying applicants will receive financial assistance to access new markets by attending tourism trade shows.

Honorable Members, we have the wildlife, the mountains, exquisite beaches and spectacular scenery. But, the unforgettable experience we want to offer tourists depends on how well they are hosted. For good hosting and service excellence we need a professional, well-trained workforce.

Our investment in training food safety officers, chefs, and sommeliers is already paying dividends by creating employment opportunities for our youth and improving the quality of our service. A number of young people who have been trained will graduate at a youth empowerment workshop in Mpumalanga later this month, as part of Youth Month celebrations.

This year, we will initiate a skills review to inform a more comprehensive human resource development programme in future.

Training is already a crucial element of all projects funded under our Expanded Public Works Programme and Social Responsibility Initiative.

Our EPWP projects are intended to create tourism opportunities, mainly in rural areas. This programme will support the creation of at least 11 000 full time equivalent jobs over the MTEF period. Many of these jobs benefit women and the youth, and local SMMEs are contracted to undertake construction work.

Our Social Responsibility Initiative has also implemented several programmes for youth and women to enable them to find employment, or to start their own businesses. These include the National Young Chefs programme, the Sommeliers programme, and the Tourism Buddies programme.

In 2014/15, about 3800 young people were enrolled as Tourism Buddies. Their learning placements would not have been possible without our industry partners, and we thank them for their support.

Expanding the number of small enterprises is another essential ingredient for sustainable tourism development and job creation.

During 2014/15, 1 363 historically disadvantaged enterprises were supported through the Tourism Enterprise Partnership, including 466 rural enterprises. We will continue to support rural tourism businesses this year, focusing on skills development, mentorship, access to markets and quality assurance.

Honorable members, we are planning to review the National Tourism Sector Strategy this year. Many of the targets we set ourselves have already been met or exceeded.

The review will start with a comprehensive environmental scan to identify opportunities to develop and transform tourism. Stakeholder consultation will be an integral part of the process, and an expert panel drawn from key stakeholder groups will be appointed.

Of course, public-private partnerships remain the lifeblood of our industry. But I want to return to the importance of public-public partnerships. All three spheres of government and the various tourism agencies must work together with a common purpose to achieve our common goals. Policy coherence, collaboration in planning and coordination in executing plans are essential to the success of the sector.

Nationally, we must align our work in government in critical areas such as expanding air connectivity, and tourist friendly travel facilitation. The global environment is highly competitive, and we will struggle to

unlock the full potential of job creation and inclusive growth through tourism if we make it difficult for tourists to come to South Africa.

Honorable Members, I want to thank the people who are driving growth in this sector through their leadership.

Deputy Minister Xasa; Acting Director-General Victor Tharage and the entire Department of Tourism; the CEO of SA Tourism, Thulani Nzima, the board and all the hardworking staff, the Tourism Business Council of South Africa, and the thousands of people who are tourist ambassadors on the ground: thank you for your efforts and your dedication.

To the Select Committee Chairperson, Edwin Makue, and all the members of the Committee, we appreciate the constructive way in which we can always engage with you.

Honorable Members, tourism in our country is growing stronger every year. The benefits of tourism are enormous, for our people, our communities, and our economy.

We are determined to use our resources effectively to maintain this growth, and to make tourism more inclusive and sustainable. In doing this, tourism will create hope and opportunity, and bring joy to the lives of millions of our people.

I thank you.